

State of Michigan, Department of
Treasury

Michigan State Hospital Finance Authority

ANNUAL REPORT
2005

Michigan State Hospital Finance Authority

Authority Mission

The Michigan State Hospital Finance Authority will provide low cost capital financing to non-profit providers of health care services that participate in any phase of the continuum of health care.

The Authority Finance Division as part of the Bureau of Bond Finance in the Michigan Department of Treasury provides financial and administrative support services on behalf of the Authority to assist with achieving these goals.

Bureau of Bond Finance Mission

The Bureau of Bond Finance will achieve and maintain access to the financial market at the lowest cost of the citizens of Michigan on behalf of:

- Hospitals and their patients
- Higher education students and their families
- Private colleges and their students
- Public school academies and their students
- Public schools and their taxpayers
- Municipalities and their taxpayers
- The State-at-large for environmental, recreational, and other specific-voter approved projects
- The State for cash flow financing for operating purposes.

Vision

- We are committed to fair, consistent, and courteous customer service.
- We have the training, technology, and tools to meet customer needs.
- We provide low-cost financing in order for cities and communities to be magnets for economic opportunities, with high quality education and healthcare.
- We are a division where public service and service to others is exalted.

Values

- Integrity: Michigan's schools, colleges, universities, municipalities, and healthcare providers; along with bond counsel, financial advisors, and underwriters know that they can depend upon the Authority Finance Division to follow through on their commitments.
- Excellence: The Authority Finance Division is committed to providing increasingly effective, low-cost financing to protect the interests of the citizens of Michigan.
- Teamwork: The Authority Finance Division will work together to provide effective, low-cost financing to Michigan's schools, colleges, universities, municipalities, and healthcare providers.
- Pride: In our achievements.

Michigan State Hospital Finance Authority Members

The Michigan State Hospital Finance Authority (MSHFA) is comprised of seven members. The Governor with the advice and consent of the Senate appoints five members. The State Treasurer and the Director of the Department of Community Health serve as members by virtue of their appointed offices. All members of the Authority are appointed for four-year terms and serve without compensation but are entitled to reimbursement of expenses incurred in the performance of their duties under the Act. The present membership of the Authority is as follows:

Susan W. Martin, Ph.D., Chair

Dorothy "Dottie" E. Deremo, Vice Chair

Linda E. Bloch

Asad M. Malik

Lois Shulman

Janet Olszewski, Director of Department of Community Health

Jay B. Rising, State Treasurer

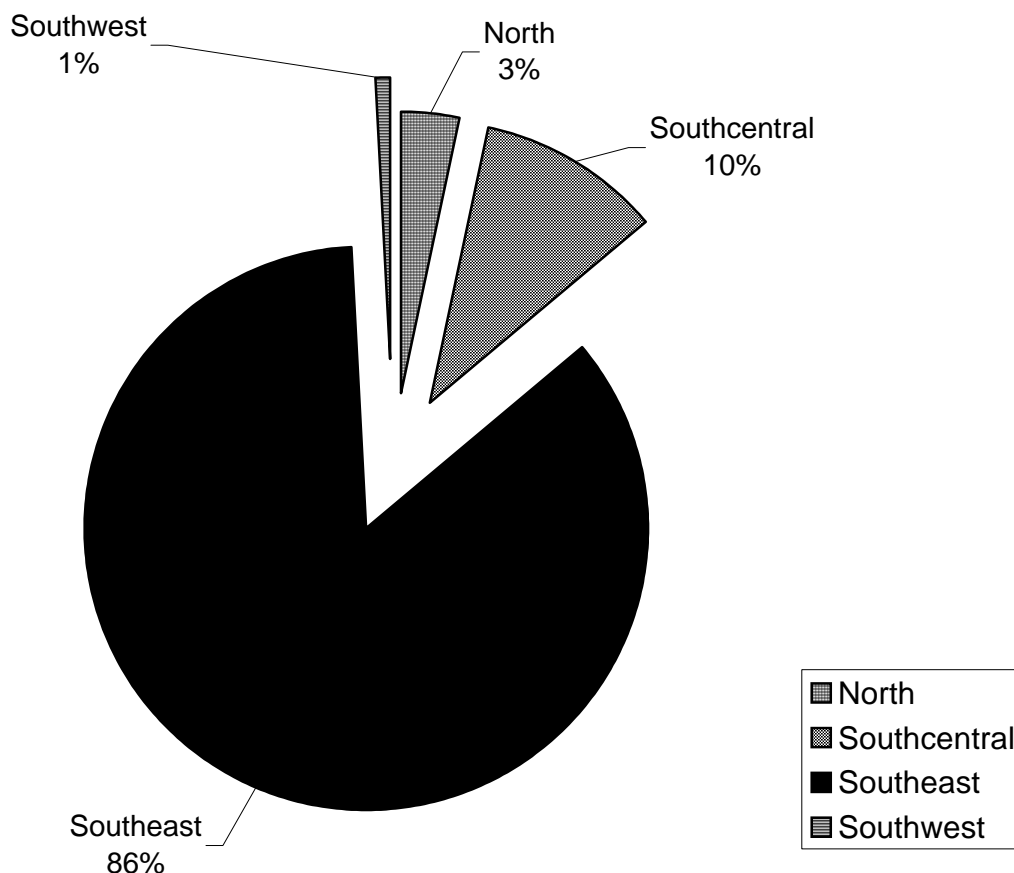
Financing Profiles

Michigan State Hospital Finance Authority

In 2005 the Michigan State Hospital Finance Authority (MSHFA) issued \$841,351,325 in long-term facility bonds for 17 loans. Projects included construction, renovation, and the acquisition of equipment. Bond issues financed the renovation and expansion of an emergency department, acquisition of land, the construction and equipping of an acute care hospital facility, the purchase of scanners and MRI equipment, and various capital projects throughout Michigan.

In addition to assisting large integrated health delivery systems, MSHFA has also been able to assist a broader range of smaller healthcare providers. MSHFA's Healthcare Equipment Loan Program (HELP) has been an effective means for small providers and large providers with small projects to efficiently access the public tax-exempt bond market. Nursing homes and homes for the aged have increasingly used MSHFA programs for facilities to increase services to our aging population. These have included Alzheimer units and assisted living facilities. HELP has been used to provide low cost loans for home care, hospice, and palliative facilities. An increasing number of joint ventures between healthcare providers, Mobile MRI's and Lithotripsy Units have been used to provide needed healthcare services. HELP has been a valuable financing vehicle for joint ventures whose services have included renal dialysis and diagnostic radiology. In 2005 HELP issued \$32,500,000 in bonds, resulting in eight healthcare provider loans for a total of \$34,424,089.

Michigan State Hospital Finance Authority Loans Financed in 2005



Michigan State Hospital Finance Authority
2005 Summary

| Michigan Region | Hospital | Loan Amount |
|--------------------|-----------------------------------------|-----------------------------|
| North | * Bell Memorial Hospital | \$794,989 |
| | Marquette General Hospital | \$28,465,000 |
| | OSF | \$15,100,000 |
| Southcentral | * Sheridan Community Hospital | \$1,215,000 |
| | Sparrow Hospital Obligated Group | \$90,390,000 |
| Southeast | Ascension Health | \$148,975,000 |
| | Chelsea Community Hospital | \$20,770,000 |
| | * Covenant Medical Center, Incorporated | \$13,327,100 |
| | Hills and Dales General Hospital, 2005A | 11,775,000 |
| | Hills and Dales General Hospital, 2005B | \$1,925,000 |
| | McLaren Health, 2005A | \$99,860,000 |
| | McLaren Health, 2005B | \$75,000,000 |
| | McLaren Health, 2005C | \$80,000,000 |
| | * Pontiac Osteopathic Hospital | \$4,000,000 |
| | Pontiac Osteopathic Hospital | \$1,891,325 |
| | * Port Huron Hospital | \$8,000,000 |
| | Presbyterian Villages of Michigan | \$34,640,000 |
| | Trinity Health, 2005D | \$43,550,000 |
| | Trinity Health, 2005E | \$50,800,000 |
| | Trinity Health, 2005F | \$63,245,000 |
| | Trinity Health, 2005G | \$22,000,000 |
| | Trinity Health, 2005H | \$52,965,000 |
| Southwest | * Hackley Hospital | \$3,000,000 |
| | * Hospice at Home, Incorporated | \$1,860,000 |
| | * Hospice Care of Southwest Michigan | <u>\$2,227,000</u> |
| | | <u><u>\$875,775,414</u></u> |

* Hospital Equipment Loans (H.E.L.P.)

Historical Information

Michigan State Hospital Finance Authority

Historical Bond Issue Summary

| Amount Issued | Year | #of Loans | Cumulative Total |
|-------------------------|------|------------|---------------------|
| \$22,500,000 | 1974 | 1 | 1 |
| \$105,130,000 | 1975 | 5 | 6 |
| \$82,905,000 | 1976 | 5 | 11 |
| \$96,300,000 | 1977 | 3 | 14 |
| \$48,090,000 | 1978 | 6 | 20 |
| \$124,647,000 | 1979 | 7 | 27 |
| \$219,640,000 | 1980 | 9 | 36 |
| \$70,900,000 | 1981 | 5 | 41 |
| \$324,570,000 | 1982 | 9 | 50 |
| \$113,305,000 | 1983 | 8 | 58 |
| \$334,360,000 | 1984 | 6 | 64 |
| \$736,186,148 | 1985 | 21 | 85 |
| \$271,215,000 | 1986 | 6 | 91 |
| \$90,760,000 | 1987 | 4 | 95 |
| \$194,765,000 | 1988 | 8 | 103 |
| \$262,970,194 | 1989 | 6 | 109 |
| \$210,365,000 | 1990 | 7 | 116 |
| \$408,715,000 | 1991 | 10 | 126 |
| \$509,276,894 | 1992 | 13 | 139 |
| \$707,155,000 | 1993 | 8 | 147 |
| \$230,338,558 | 1994 | 9 | 156 |
| \$470,370,000 | 1995 | 12 | 168 |
| \$490,165,000 | 1996 | 12 | 180 |
| \$646,740,727 | 1997 | 16 | 196 |
| \$912,279,673 | 1998 | 17 | 213 |
| \$1,262,625,480 | 1999 | 13 | 226 |
| \$529,146,618 | 2000 | 12 | 238 |
| \$140,791,079 | 2001 | 9 | 247 |
| \$474,195,000 | 2002 | 12 | 259 |
| \$982,917,015 | 2003 | 18 | 277 |
| \$167,733,955 | 2004 | 10 | 287 |
| \$873,851,325 | 2005 | 20 | 307 |
| \$12,114,909,666 | | 307 | |

